

ASSEMBLY BILL

No. 171

Introduced by Assembly Member Jones

January 29, 2009

An act to add Section 654.3 to the Business and Professions Code, relating to dental services.

LEGISLATIVE COUNSEL'S DIGEST

AB 171, as introduced, Jones. Dental services: credit.

Existing law prohibits a healing arts licensee, including physicians and surgeons, psychologists, acupuncturists, optometrists, dentists, podiatrists, and chiropractic practitioners, from referring a person for certain health care services if the licensee has a financial interest, as defined, with the person or entity that receives the referral. Existing law provides specified exemptions from this prohibition. Under existing law, a violation of the provisions governing referrals is a crime.

This bill would prohibit a dentist, or an employee or agent of that dentist, from arranging for or establishing credit extended by a 3rd party for a patient without first providing a written notice and a written treatment plan, as specified, and would prohibit that arrangement or establishment of credit with regard to a patient who has been administered or is under the influence of general anesthesia, conscious sedation, or nitrous oxide. The bill would prohibit a dentist, or employee or agent of a dentist, from charging treatment not yet rendered or costs not yet incurred to an open-end credit extended by a 3rd party that is arranged for or established in the dental office without first providing the patient with specified information regarding the treatment and services to be rendered and ensuring the patient's receipt of the treatment plan. The bill would require a dentist to refund to the lender any payment

received for treatment that has not been rendered or costs that have not been incurred, as specified, within 15 business days upon the patient's request. The bill would subject a person who willfully violates these provisions to specified civil liability. Because a violation of these provisions would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 654.3 is added to the Business and
2 Professions Code, to read:

3 654.3. (a) A dentist, or an employee or agent of a dentist, shall
4 not charge treatment or costs to an open-end credit, that is extended
5 by a third party and that is arranged for or established in a dental
6 office, before the date upon which the treatment is rendered or
7 costs are incurred, without first providing the patient a list of the
8 treatment and services to be rendered, the estimated costs of the
9 treatment and services, and which treatment and services are being
10 charged in advance of rendering or incurring of costs, and ensuring
11 that the patient has received the treatment plan required by
12 subdivision (d).

13 (b) A dentist shall, within 15 business days of a patient's request,
14 refund to the lender any payment received for treatment that has
15 not been rendered or costs that have not been incurred made
16 through a credit extended by a third party that is arranged for or
17 established in a dental office.

18 (c) A dentist, or an employee or agent of that dentist, shall not
19 arrange for or establish credit extended by a third party for a patient
20 without first providing the following written notice, on one page
21 in at least 14-point type, and obtaining a signature from the patient:

22
23 "Credit for Dental Services

1 The attached application and information is for a credit card/line
2 of credit or loan to help you finance your dental treatment. You
3 should know that:

4 You are applying for a ____ credit card/line of credit or a ____
5 loan for \$____.

6 You do not have to apply for the credit card/line of credit or
7 loan. You may pay your dentist for dental treatment in another
8 manner.

9 This credit card/line of credit or loan is not a payment plan with
10 the dental office; it is credit with [name of company issuing the
11 credit card/line of credit or loan]. Your dentist does not work for
12 this company.

13 Before applying for this credit card/line of credit or loan, you
14 have the right to a written treatment plan from your dentist that
15 includes the anticipated treatment to be provided and the estimated
16 costs of each service.

17 If you are approved for a credit card/line of credit, your dentist
18 can only charge treatment and lab costs to that credit card/line of
19 credit when you get the treatment or the dentist incurs costs unless
20 your dentist has first given you a list of treatments that you are
21 paying for in advance and the cost for each treatment or service.

22 You have the right to receive a credit to your credit card/line of
23 credit or loan account refunded for any costs charged to the credit
24 card/line of credit or loan for treatment that has not been rendered
25 or costs that your dentist has not incurred. Your dentist must refund
26 the amount of the charges to the lender within 15 business days
27 of your request, after which the lender will credit your account.

28 Please read carefully the terms and conditions of this credit
29 card/line of credit or loan, including any promotional offers.

30 You may be required to pay interest on the amount charged to
31 the credit card/line of credit or the amount of the loan. If you miss
32 a payment or do not pay on time, you may have to pay a penalty
33 and/or a higher interest rate.

34 If you do not pay the money that you owe the company that
35 provides you with a credit card/line of credit or loan, your missed
36 payments can appear on your credit report and could hurt your
37 credit rating. You could also be sued.

38 [Patient's Signature]"

39

(d) A dentist shall give a patient a written treatment plan prior to arranging for or establishing credit extended by a third party. The treatment plan shall include each anticipated service to be provided and the estimated cost of each service. If a patient is covered by a private or government dental benefit plan or dental insurance, from which the dentist takes assignment of benefits, the treatment plan shall indicate the patient's private or government-estimated share of cost for each service. If the dentist does not take assignment of benefits from a patient's dental benefit plan or insurance, the treatment plan shall indicate that the treatment may or may not be covered by a patient's dental benefit or insurance plan, and that the patient has the right to confirm dental benefit or insurance information from the patient's plan, insurer, or employer before beginning treatment.

(e) A dentist, or an employee or agent of that dentist, shall not arrange for or establish credit extended by a third party for a patient with whom the dentist, or an employee or agent of that dentist, communicates primarily in a language other than English that is one of the Medi-Cal threshold languages, unless the written notice information required by subdivision (c) is also provided in that language.

(f) A dentist, or an employee or agent of that dentist, shall not arrange for or establish credit that is extended by a third party for a patient who has been administered or is under the influence of general anesthesia, conscious sedation, or nitrous oxide.

(g) A patient who suffers any damage as a result of the use or employment by any person of a method, act, or practice that willfully violates this section may seek the relief provided by Chapter 4 (commencing with Section 1780) of Title 1.5 of Part 4 of Division 3 of the Civil Code.

(h) The rights, remedies, and penalties established by this article are cumulative, and shall not supersede the rights, remedies, or penalties established under other laws.

(i) For purposes of this section, the following definitions shall apply:

(1) "Dentist" includes, but is not limited to, a dental corporation, as defined in Section 1800.

(2) "Open-end credit" means credit extended by a creditor under a plan in which the creditor reasonably contemplates repeated transactions, the creditor may impose a finance charge from time

1 to time on an outstanding unpaid balance, and the amount of credit
2 that may be extended to the debtor during the term of the plan (up
3 to any limit set by the creditor) is generally made available to the
4 extent that any outstanding balance is repaid.

5 (3) “Patient” includes, but is not limited to, the patient’s parent
6 or other legal representative.

7 SEC. 2. No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 the only costs that may be incurred by a local agency or school
10 district will be incurred because this act creates a new crime or
11 infraction, eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section 17556 of
13 the Government Code, or changes the definition of a crime within
14 the meaning of Section 6 of Article XIII B of the California
15 Constitution.